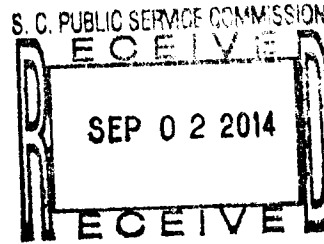




252297

Laura Bateman
Carolinas Rates & Regulatory Strategy
410 S. Wilmington Street
Raleigh, NC 27601
919.546.3324
Laura.Bateman@duke-energy.com

August 29, 2014



Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

Dear Mrs. Boyd:

Enclosed per Docket No. 1988-11-E is the quarterly report of Duke Energy Progress, LLC for the twelve months ending June 30, 2014. Debt coverage ratio of earnings to Fixed Charges was 3.82 for this time period.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

Enclosures

pc: Mr. John Flitter, Director
Electric & Gas Regulation
Office of Regulatory Staff

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Clark S. Gillespy, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

Clark S. Gillespy
Signature of President

Clark S. Gillespy
Typed or Printed Name of Person Signing

State President, Duke Energy South Carolina
Title

08/22/14
Date Signed

Subscribed and sworn to before me this 22 day of August, 2014.

Beth C. O'Shields
Notary Public

My Commission Expires: 4-16-2024

CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, James D. Wiles, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Progress, Inc., as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

James D. Wiles
Signature of Person Making Verification

James D. Wiles
Typed or Printed Name of Person Signing

Director Regulated Accounting
Title

August 21, 2014
Date Signed

Subscribed and sworn to before me this 21 day of August, 2014.

Kem V. Beal
Notary Public

My Commission Expires: October 24, 2014

Duke Energy Progress
Electric Operating Experience - Total Company & SC Retail
Twelve Months Ended June 30, 2014

Line No.	Description	Total Company		SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)
		\$	\$	\$	\$	\$
1	Operating Revenues	5,241,276,909	(104,804,255)	5,136,472,653	571,660,758	(17,830,889)
2	Operating Expenses					
3	O&M Expenses - Fuel	1,549,015,032	-	1,549,015,032	174,664,555	-
4	O&M Expenses - Other	1,920,210,878	(22,673,306)	1,897,537,572	216,886,611	(4,254,222)
5	Depreciation & Amortization Expenses	544,421,104	73,608,350	618,029,454	54,765,704	8,597,286
6	Taxes Other Than Income	229,774,718	568,448	230,343,166	17,433,332	(136,937)
7	Income Tax - State	(13,928,873)	(7,814,888)	(21,743,762)	(693,758)	(893,375)
8	Income Tax - Federal	(13,053,301)	(43,012,092)	(56,065,393)	(1,387,044)	(6,121,290)
9	Deferred Taxes	321,256,141	15,399,992	336,656,133	34,136,678	1,719,842
10	Investment Tax Credit	(6,764,571)	-	(6,764,571)	(756,488)	-
11	Total Operating Expenses	4,530,931,127	16,076,505	4,547,007,631	495,049,590	(1,088,697)
12	Operating Return	710,345,782	(120,880,760)	589,465,022	76,611,168	(16,742,192)
13	Customer Growth	6,985,521	(1,188,738)	5,796,783	69,279	(15,140)
14	Interest on Customer Deposits (After Taxes)	(8,293,841)	-	(8,293,841)	(623,962)	-
15	Total Income for Return	709,037,462	(122,069,498)	586,967,964	76,056,485	(16,757,332)
16	Rate Base					
17	Plant in Service	20,124,796,689	83,121,325	20,207,918,014	2,281,530,564	3,607,557
18	Reserve for Depreciation	(9,310,164,967)	(18,170,681)	(9,328,335,648)	(1,083,998,091)	(1,141,601)
19	Net Plant	10,814,631,722	64,950,645	10,879,582,366	1,197,532,473	2,465,955
20	Construction Work in Progress	-	692,738,000	692,738,000	79,732,059	79,732,059
21	Other Rate Base	395,869,437	(293,231,634)	102,637,804	87,821,709	(39,272,753)
22	Total Working Capital	371,896,016	-	371,896,016	39,429,183	-
23	Materials & Supplies	1,463,018,012	(14,415,850)	1,448,602,162	165,103,246	(1,604,685)
24	Accumulated Deferred Income Taxes	(2,603,162,925)	242,185,644	(2,360,977,281)	(318,963,535)	31,056,444
25	Total Rate Base	10,442,252,263	692,226,805	11,134,479,068	1,170,923,077	72,377,019
26	Rate of Return	6.79%		5.27%	6.50%	4.77%
27	Return on Equity	9.28%		6.41%	8.72%	5.44%

Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
Total Company
Twelve Months Ended June 30, 2014

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 6.47%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant In Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		50,670,127			(3,278,357)	(16,587,119)								
2	Update for increased/decreased benefits costs		(9,509,433)			615,260	3,112,960								
3	Annualize depreciation on year end plant balances			44,376,947		(2,871,188)	(14,527,015)			(44,376,947)					
4	Adjust the amount of EPIS in rate base			7,590,403		(481,099)	(2,484,756)		285,178,950	(7,590,403)					
5	Adjust the amount of CWIP in rate base										692,738,000				
6	Annualize property taxes on year end plant balances				1,564,448	(101,220)	(512,130)								
7	Eliminate Prior Period Taxes					2,585,360	9,321,061	15,399,992					131,532,657		(14,415,850)
8	Eliminate SFAS 109														
9	Adjust Fuel Stock														
10	Eliminate DSM, EE, DSDR impacts				(996,000)	(3,395,000)	(16,968,000)		(212,057,625)	33,796,669			(161,898,977)		
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base	(94,580,000)	(63,834,000)	21,641,000											
12	Eliminate Program Performance Incentives	(10,244,255)				(201,333)	(1,018,662)								
						(677,311)	(3,348,431)								
13	TOTAL - ALL PRO FORMAS	(104,804,255)	(22,873,306)	73,608,350	568,448	(7,814,888)	(43,072,092)	15,399,992	83,121,325	(18,170,681)	692,738,000	242,185,644	(283,231,634)	0	(14,415,850)

Duke Energy Progress
Electric Accounting & Pro Forma Adjustments
SC Retail

Twelve Months Ended June 30, 2014

Adj. #	Description	Revenues	O&M Expenses	Deprec. & Amort. Expense	Taxes Other Than Income	State Income Tax @ 5%	Federal Income Tax @ 35%	Provision for Deferred Taxes	Plant In Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	Normalize O&M labor costs		5,705,954			(285,298)	(1,897,230)								
2	Update for increased/decreased benefits costs		(1,073,177)			53,659	356,831								
3	Annualize depreciation on year end plant balances			5,107,653		(255,383)	(1,698,295)			(5,107,653)					
4	Adjust the amount of EPI's in rate base			873,633		(43,682)	(290,483)		33,974,209	(873,633)					
5	Adjust the amount of CWIP in rate base										79,732,059				
6	Annualize property taxes on year end plant balances				180,063	(9,003)	(59,871)								
7	Eliminate Prior Period Taxes					188,942	1,072,826	1,719,842							
8	Eliminate SFAS 109											14,832,195	(15,139,013)		(1,604,685)
9	Adjust Fuel Stock														
10	Eliminate DSM, EE, DSDR impacts	(16,276,000)	(8,887,000)	2,616,000	(317,000)	(484,000)	(3,222,000)		(30,366,652)	4,839,683		16,224,249	(24,133,740)		
11	Adjust income taxes to synchronize interest expense for the adjusted test period rate base					19,133	133,932								
						(77,744)	(517,001)								
12	Eliminate Program Performance Incentives	(1,554,889)													
13	TOTAL - ALL PRO FORMAS	(17,830,889)	(4,254,222)	8,597,286	(136,937)	(893,375)	(6,121,280)	1,719,842	3,607,557	(1,141,601)	79,732,059	31,056,444	(35,272,753)	0	(1,604,685)

Duke Energy Progress
Statement of Fixed Assets - Electric
Twelve Months Ended June 30, 2014

		Total Company			SC Retail		
Line No.	Description	Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
Gross Plant in Service							
1	Intangible Plant	318,701,646		318,701,646	36,130,390		36,130,390
2	Production	11,764,073,194		12,037,628,976	1,333,662,875		1,365,148,322
3	Transmission	2,185,009,781	273,555,782	2,200,883,948	247,708,968	31,485,447	249,536,037
4	Distribution	5,239,482,331	15,874,167	5,027,424,706	593,986,705	1,827,069	563,620,054
5	General	597,952,447	(212,057,625)	603,701,448	67,788,339	(30,366,651)	68,450,031
6	Common		5,749,001			661,692	
7	Plant Held for Future Use	19,577,290		19,577,290	2,253,287		2,253,287
8	Total Gross Plant in Service	20,124,796,689	83,121,325	20,207,918,014	2,281,530,564	3,607,557	2,285,138,120
Construction Work in Progress							
9	Production		590,203,000			67,930,589	
10	Transmission		87,705,000			10,094,582	
11	Distribution		21,635,000			2,490,123	
12	General		(6,805,000)			(783,235)	
13	Common						
14	Total Construction Work in Progress	-	692,738,000	692,738,000	-	79,732,059	79,732,059

Duke Energy Progress
Reserve for Depreciation - Electric
Twelve Months Ended June 30, 2014

Line No.	Description (Col. 1)	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Intangible Plant	(209,854,654)		(209,854,654)	(23,936,818)		(23,936,818)
2	Production	(5,505,386,379)	(50,096,824)	(5,555,483,203)	(650,010,616)	(5,765,994)	(655,776,610)
3	Transmission	(734,447,213)	(1,125,908)	(735,573,121)	(83,773,834)	(129,589)	(83,903,423)
4	Distribution	(2,631,238,859)	30,499,673	(2,600,739,186)	(300,129,083)	4,460,210	(295,668,873)
5	General	(229,237,862)	2,552,378	(226,685,484)	(26,147,740)	293,771	(25,853,969)
6	Common			-			-
7	Total Reserve for Depreciation	(9,310,164,967)	(18,170,681)	(9,328,335,648)	(1,083,998,091)	(1,141,601)	(1,085,139,692)

Duke Energy Progress
Other Rate Base Items - Electric
Twelve Months Ended June 30, 2014

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Unamortized Debt Expense	34,503,981		34,503,981	3,971,304		3,971,304
2	Design Basis	14,990,558		14,990,558	1,597,742		1,597,742
3	SFAS 158	274,906,405		274,906,405	30,957,163		30,957,163
4	GridSouth	3,676,168		3,676,168	3,676,168		3,676,168
5	Rate Case Costs	2,332,780		2,332,780	-		-
6	SFAS 109	131,532,657	(131,532,657)	-	15,139,013	(15,139,013)	-
7	PSNC Pipeline	641,204		641,204	68,342		68,342
8	SC Pollution Control Deferral	27,065,697		27,065,697	27,065,697		27,065,697
9	DSM	161,698,977	(161,698,977)	-	24,133,740	(24,133,740)	-
10	Coal Inventory Rider	(75,996)		(75,996)	-		-
11	Accum Provision for Pensions & Benefits	(288,279,992)		(288,279,992)	(32,439,047)		(32,439,047)
12	Accum Misc Operating Provisions	128,974,250		128,974,250	14,512,980		14,512,980
13	Unclaimed Refunds	-		-	-		-
14	Customer Advances For Construction	(7,297,727)		(7,297,727)	(959,759)		(959,759)
15	End of Life Reserves	(8,742,591)		(8,742,591)	-		-
16	Emission Allowances Proceeds	(9,927,463)		(9,927,463)	-		-
17	DOE Refund	(10,621,151)		(10,621,151)	-		-
18	REPS	(53,577,206)		(53,577,206)	-		-
19	Sale of Harris Land Deferral	(6,029,480)		(6,029,480)	-		-
20	NCDT Overfund - SC	(1,253,654)		(1,253,654)	(1,253,654)		(1,253,654)
21	SC Fukushima Deferral	1,352,019		1,352,019	1,352,019		1,352,019
22							
23							
24							
25							
26	Total Deferred Debits/Credits	395,869,437	(293,231,634)	102,637,804	87,821,709	(39,272,753)	48,548,956

Duke Energy Progress
Total Working Capital - Electric
Twelve Months Ended June 30, 2014

Line No.	Description	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
1	Twelve Month O&M Expenses	3,465,724,648		3,465,724,648			-
	Less: Purchased Power/Sales to Other Utilities - Net	304,647,024		304,647,024			-
	Nuclear Fuel Expense	177,049,022		177,049,022			-
	Amortization of Property Losses	(3,501,262)		(3,501,262)			-
1a	Adjusted O&M	2,987,529,864	-	2,987,529,864	337,154,448	-	337,154,448
2	Working Cash (1/8 of O&M Expenses on Line 1)	373,441,233		373,441,233	42,144,306		42,144,306
3	Accrued Utility Revenue	120,131,856		120,131,856	15,466,376		15,466,376
4	Prepayments	70,672,944		70,672,944	7,991,022		7,991,022
5	Total Investor Advanced Funds	564,246,033	-	564,246,033	65,601,704	-	65,601,704
6	Less: Customer Deposits	(133,455,254)		(133,455,254)	(19,518,001)		(19,518,001)
7	Average Tax Accruals	(50,191,381)		(50,191,381)	(5,675,162)		(5,675,162)
8	Nuclear Refueling						
9	Injuries and Damages	(8,703,381)		(8,703,381)	(979,358)		(979,358)
10	Total Working Capital	371,896,016	-	371,896,016	39,429,183	-	39,429,183

Duke Energy Progress
Materials & Supplies - Electric
Twelve Months Ended June 30, 2014

Line No.	Description (Col. 1)	Total Company			SC Retail		
		Per Books (Col. 2) \$	Adjustments (Col. 3) \$	As Adjusted (Col. 4) \$	Per Books (Col. 5) \$	Adjustments (Col. 6) \$	As Adjusted (Col. 7) \$
	Fuel Stock						
1	Nuclear	351,818,012		351,818,012	39,162,260		39,162,260
2	Fossil	285,642,623	(14,415,850)	271,226,773	31,796,014	(1,604,685)	30,191,329
3	Total Fuel Stock	637,460,635	(14,415,850)	623,044,785	70,958,274	(1,604,685)	69,353,589
4	Emission Allowances	59,022,655		59,022,655	349,010		349,010
5	Other Electric Materials and Supplies	766,534,723		766,534,723	93,795,962		93,795,962
6	Total Materials & Supplies	<u>1,463,018,012</u>	<u>(14,415,850)</u>	<u>1,448,602,162</u>	<u>165,103,246</u>	<u>(1,604,685)</u>	<u>163,498,561</u>

Duke Energy Progress
Cost of Capital - Electric Operations
Twelve Months Ended June 30, 2014

Total Company													
Per Books							As Adjusted						
Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
		\$	%	\$	%	%	\$	\$	%	\$	%	%	\$
1	Long Term Debt 1/	5,556,244,610	47.48%	4,958,065,921	4.04%	1.92%	200,260,682	5,556,244,610	47.96%	5,339,820,169	4.04%	1.94%	215,680,075
2	Preferred Stock	-					508,776,780	6,029,518,083	52.04%	5,794,658,899	6.41%	3.33%	371,287,889
3	Common Equity	6,145,840,190	52.52%	5,484,186,342	9.28%	4.87%							
4	Total	11,702,084,800	100.00%	\$ 10,442,252,263			\$ 709,037,462	11,585,762,693	100.00%	\$ 11,134,479,068			\$ 586,967,964

SC Retail													
Per Books						As Adjusted							
Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
		\$	%	\$	%	%	\$	\$	%	\$	%	%	\$
5	Long Term Debt	5,556,244,610	47.48%	555,963,757	4.04%	1.92%	22,455,869	5,556,244,610	47.96%	596,255,908	4.04%	1.94%	24,083,305
6	Preferred Stock	-					53,600,616	6,029,518,083	52.04%	647,044,188	5.44%	2.83%	35,215,848
7	Common Equity	6,145,840,190	52.52%	614,959,319	8.72%	4.58%							
8	Total	11,702,084,800	100.00%	1,170,923,077		2/	\$ 76,056,485	11,585,762,693	100.00%	\$ 1,243,300,096		2/	\$ 59,299,153

1/ - Long Term Debt includes:

First Mortgage Bonds
Unamortized Discounts on LTID
less Unamortized Loss on Recquired Debt

2/ - Includes approximately \$5.2M net of tax of Cost to Achieve.